

Fig. 1

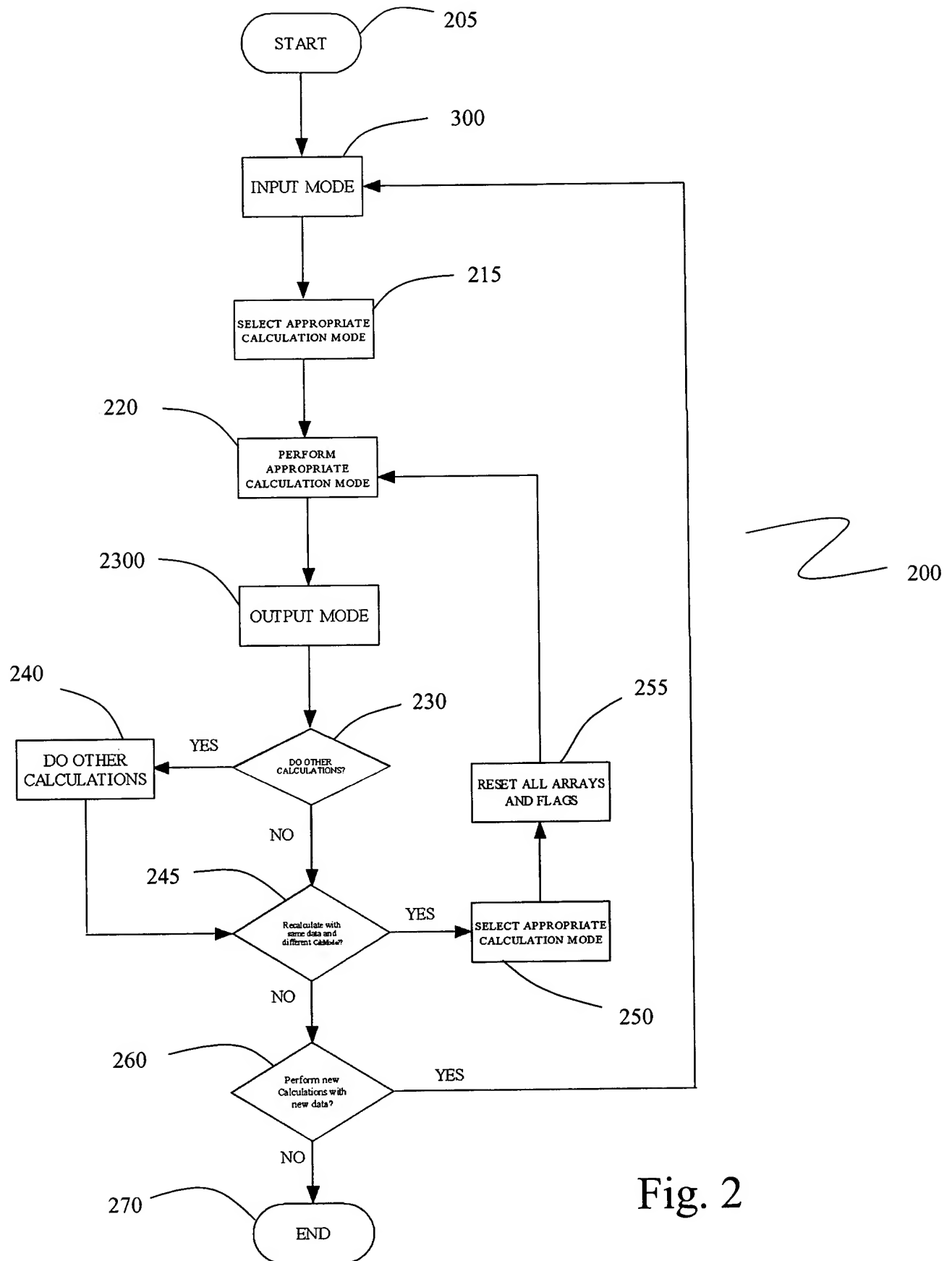


Fig. 2

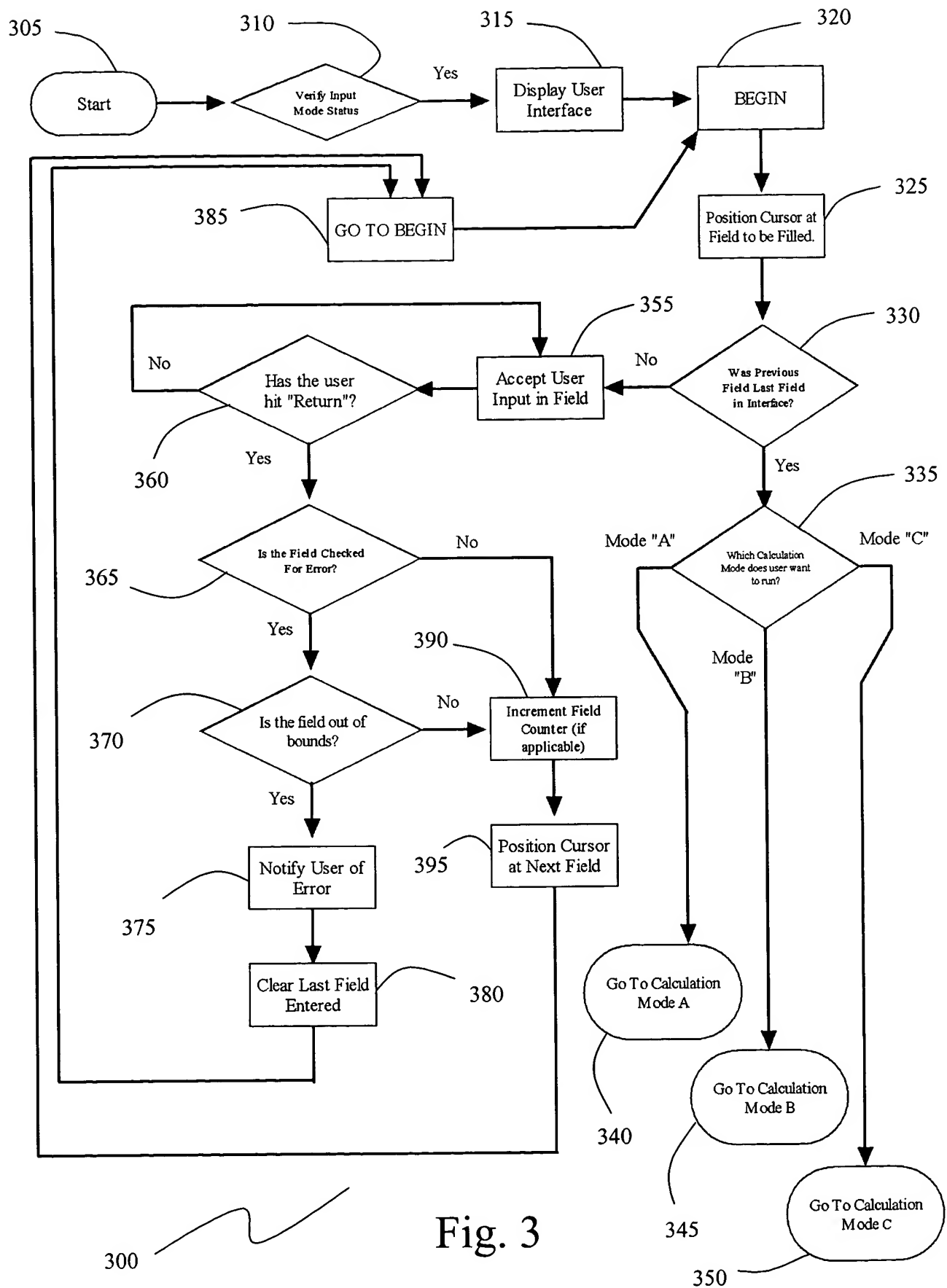


Fig. 3

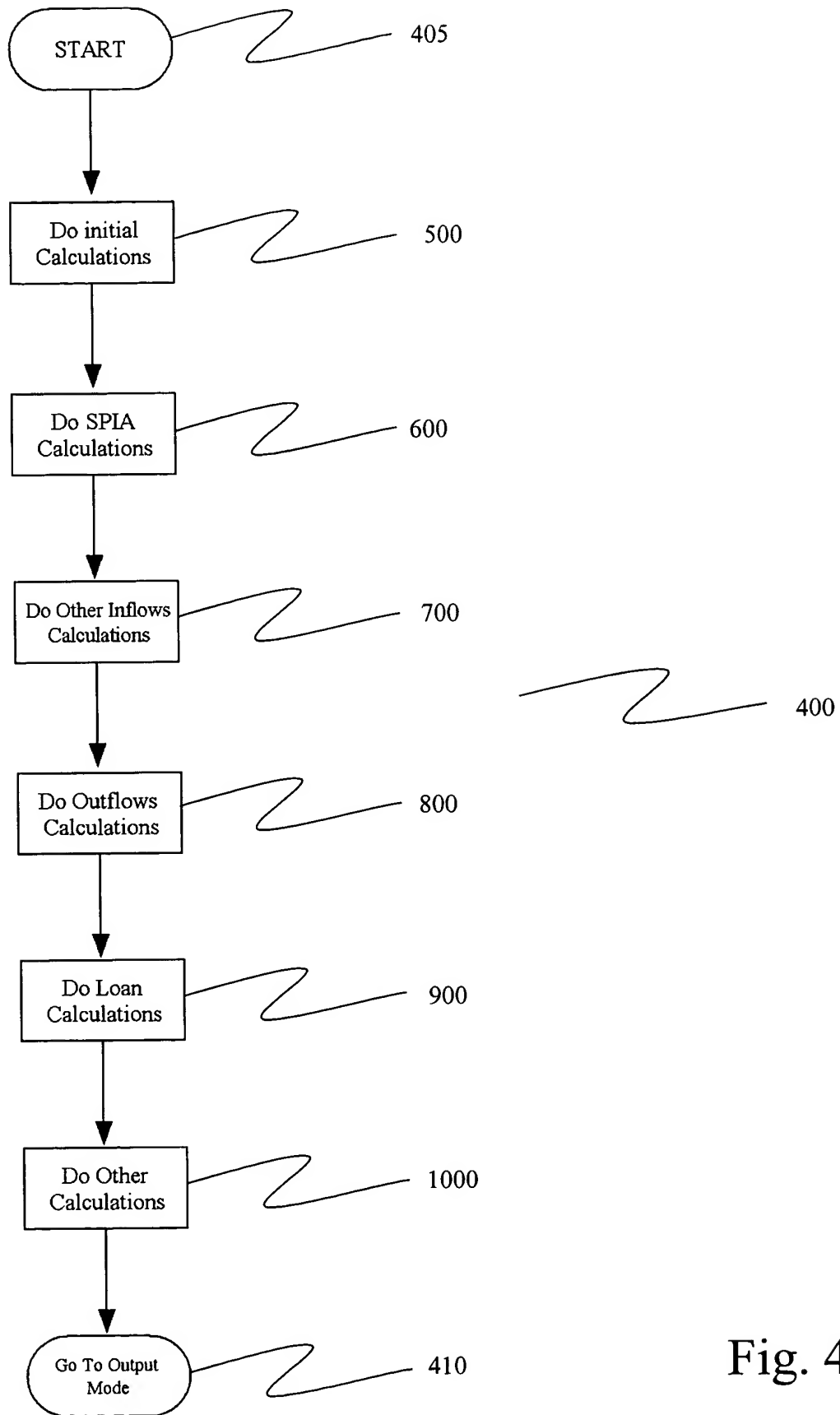


Fig. 4A

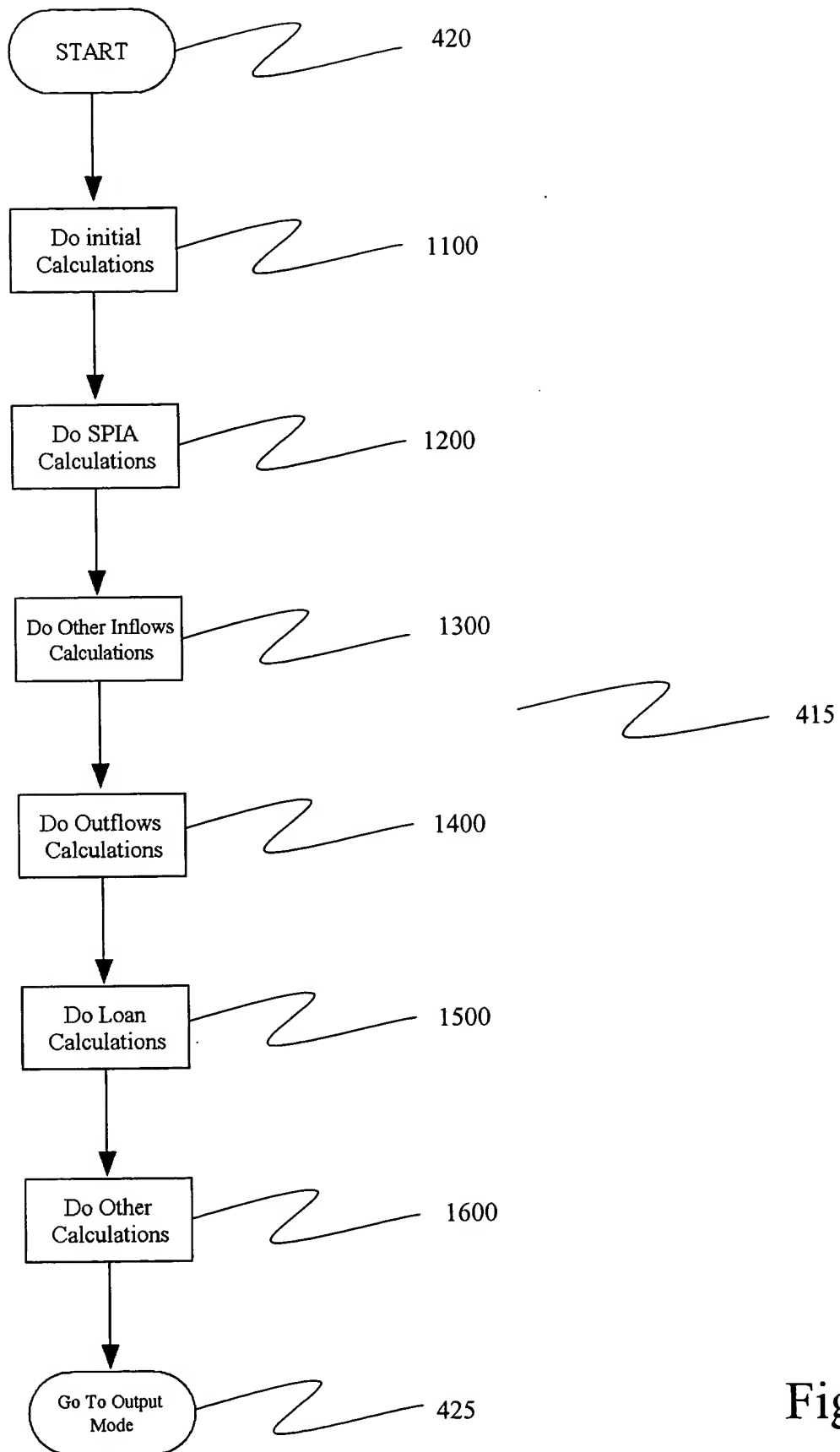


Fig. 4B

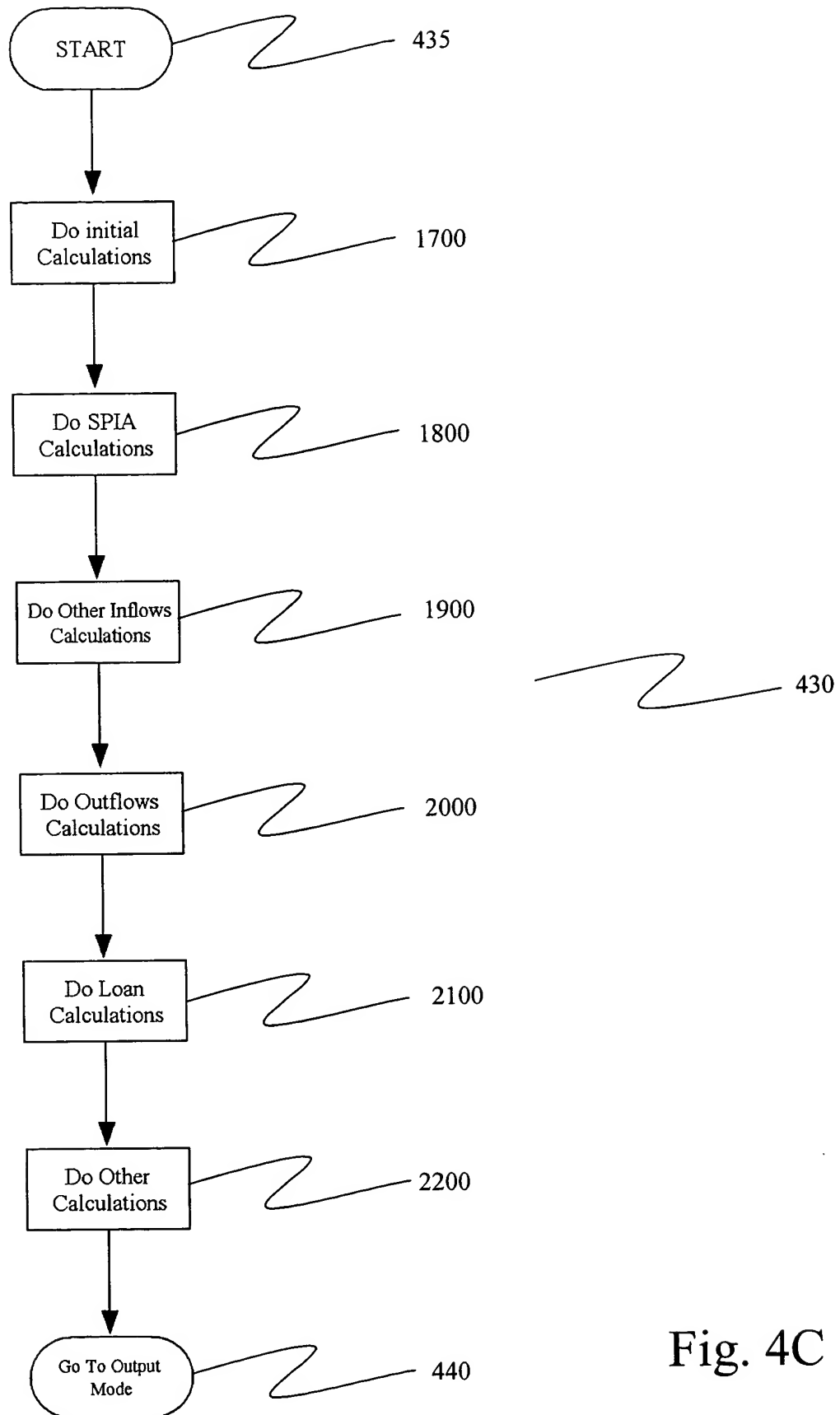


Fig. 4C

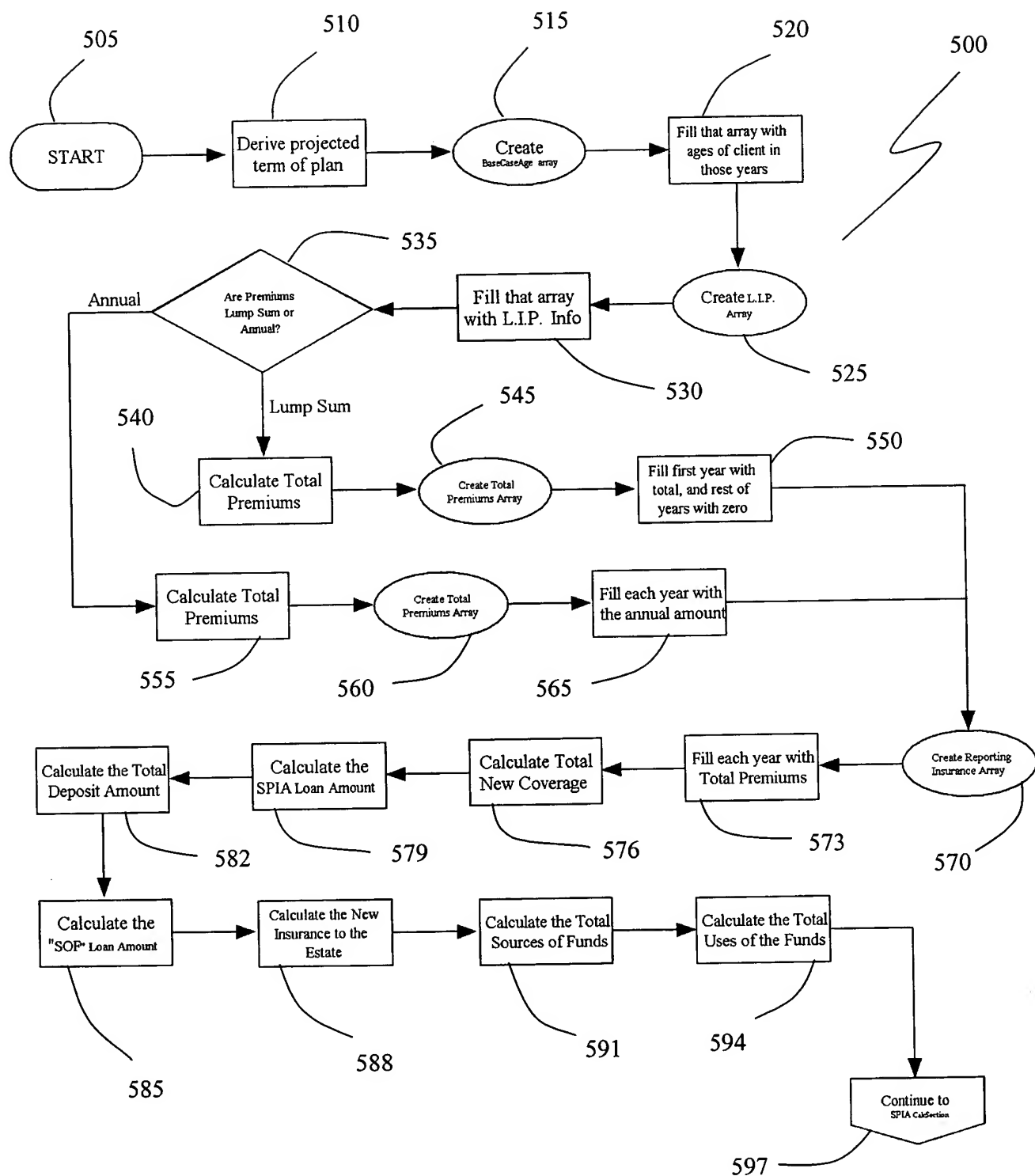


Fig. 5

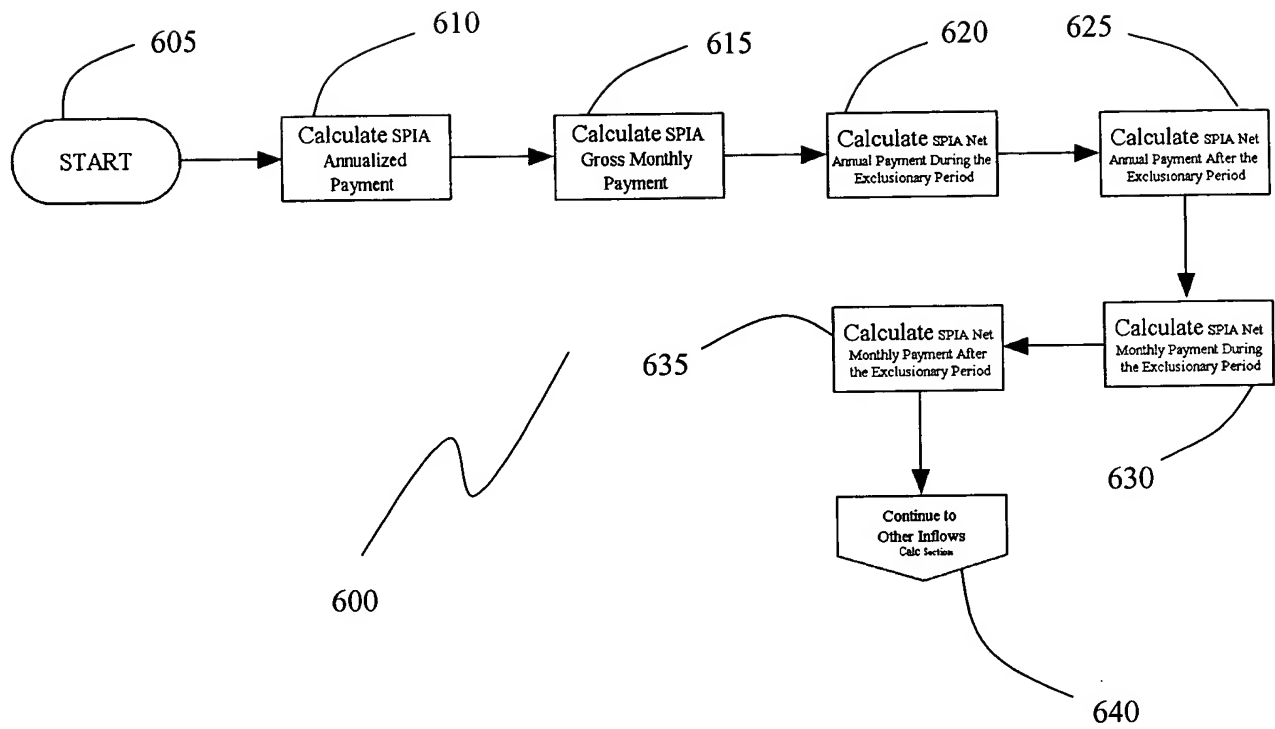


Fig. 6

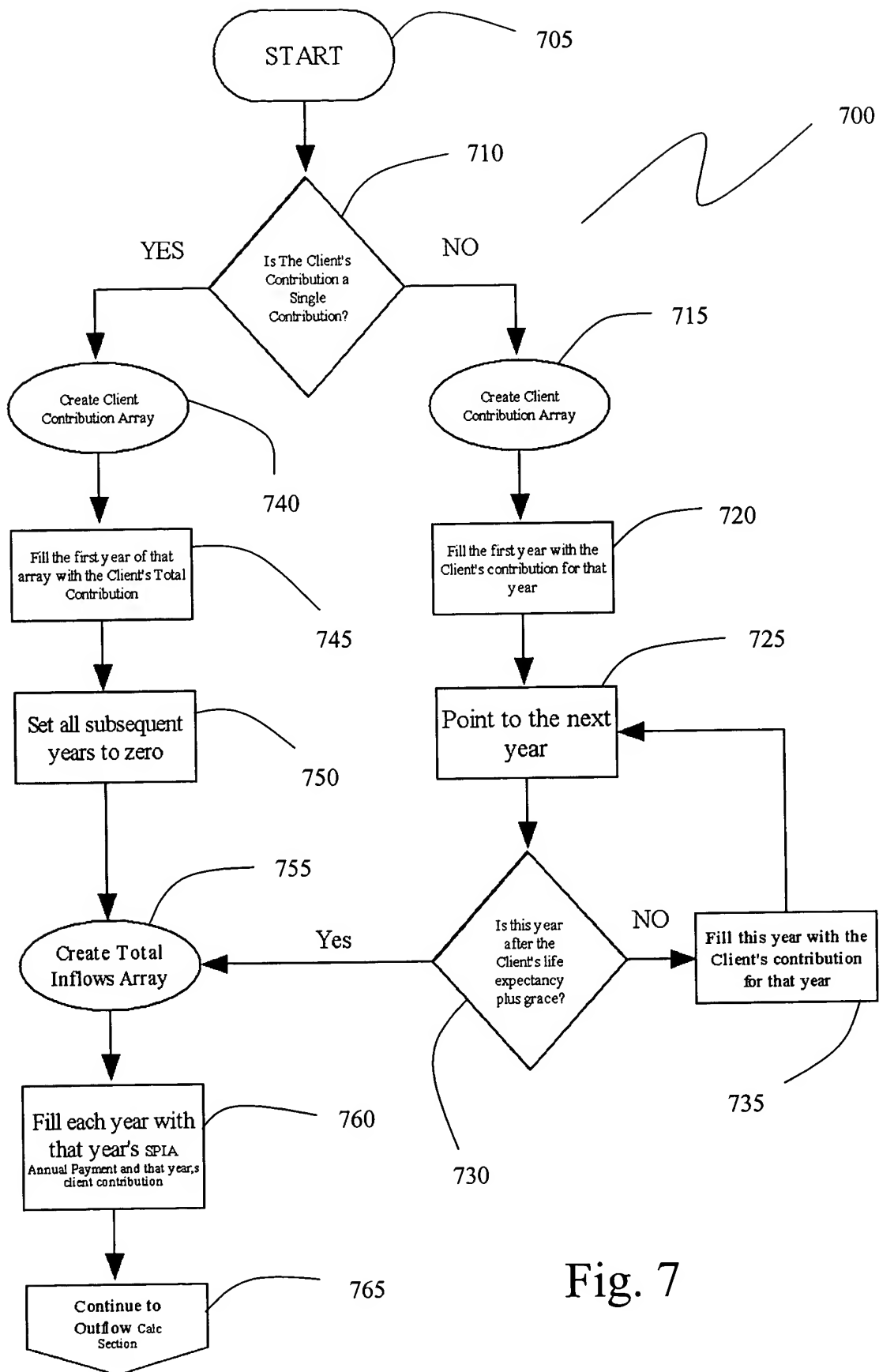


Fig. 7

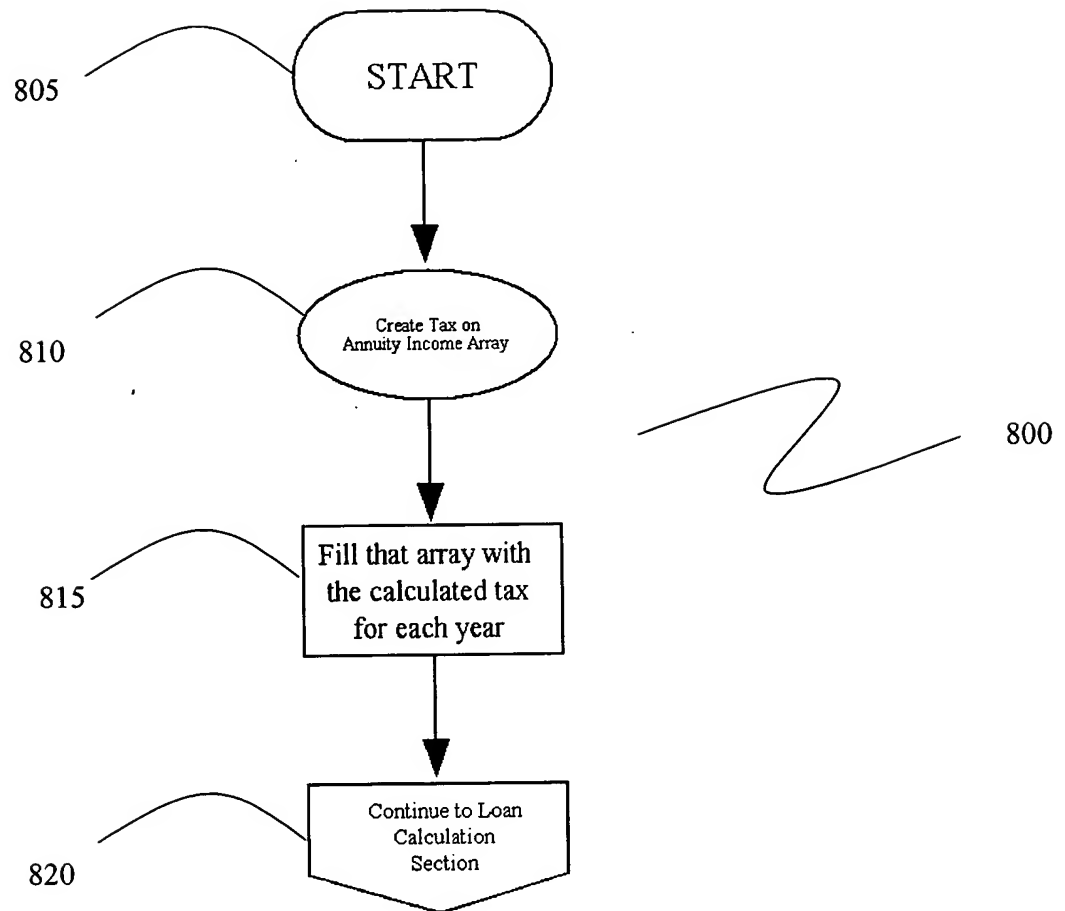


Fig. 8

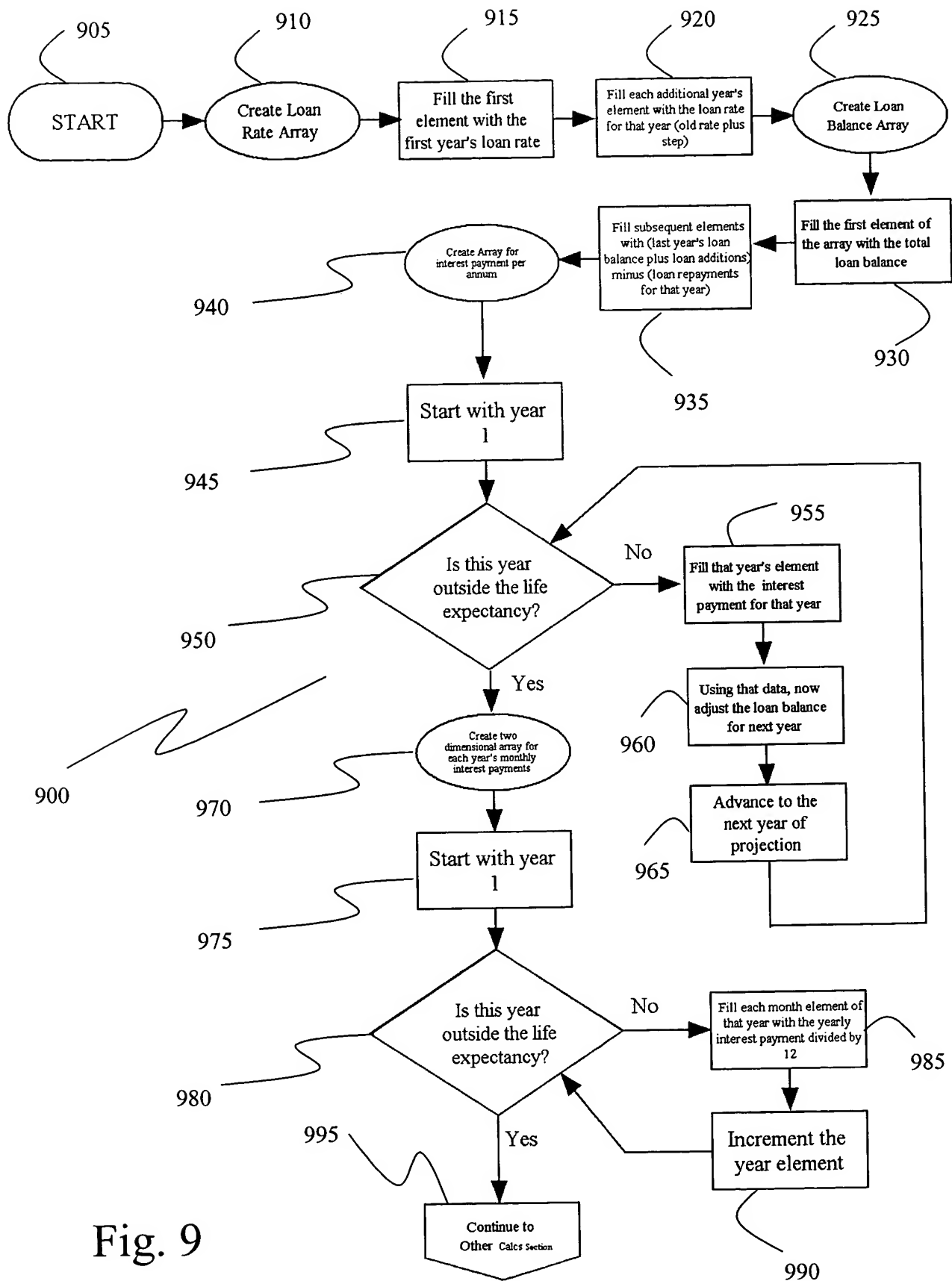


Fig. 9

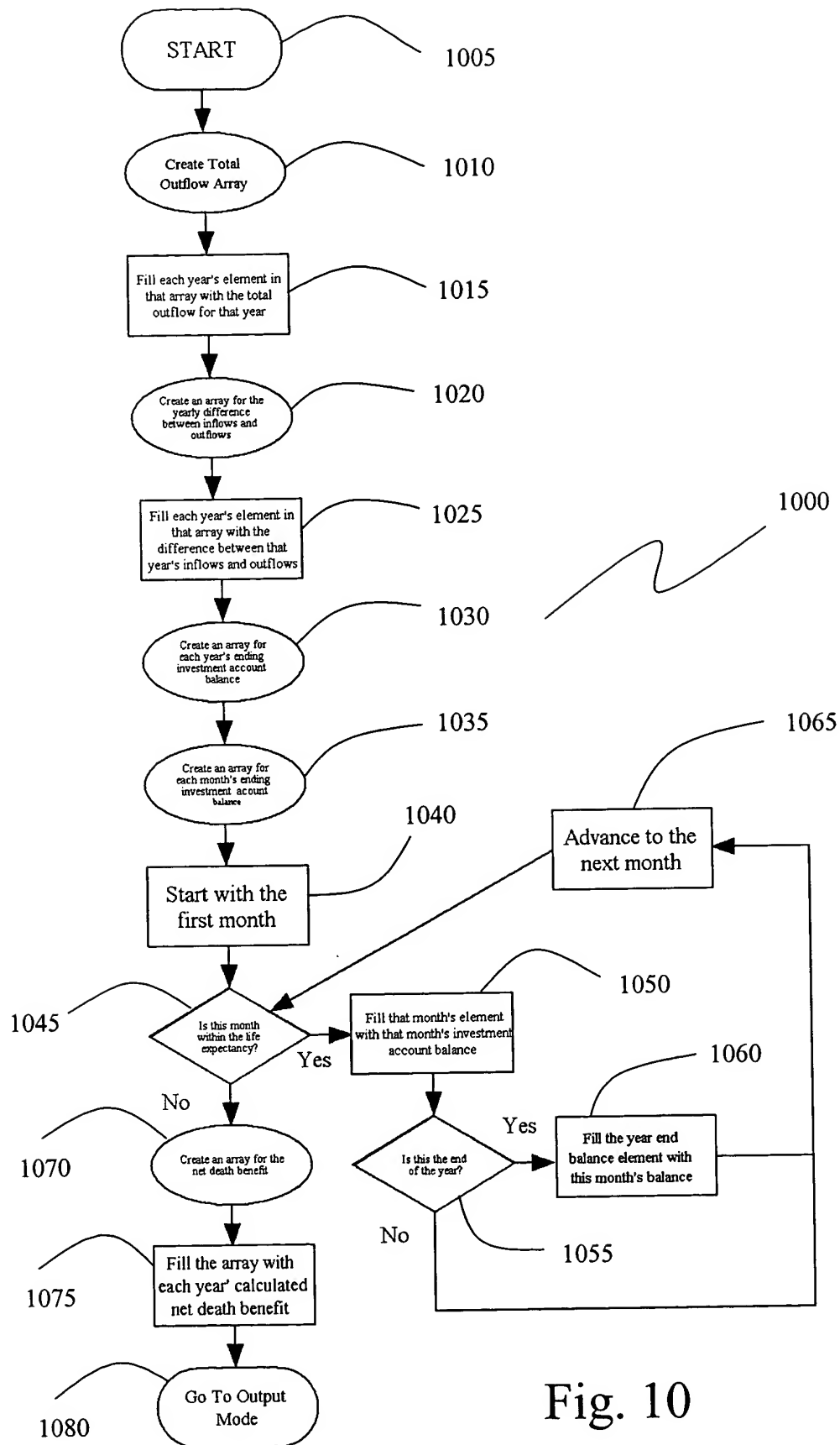


Fig. 10

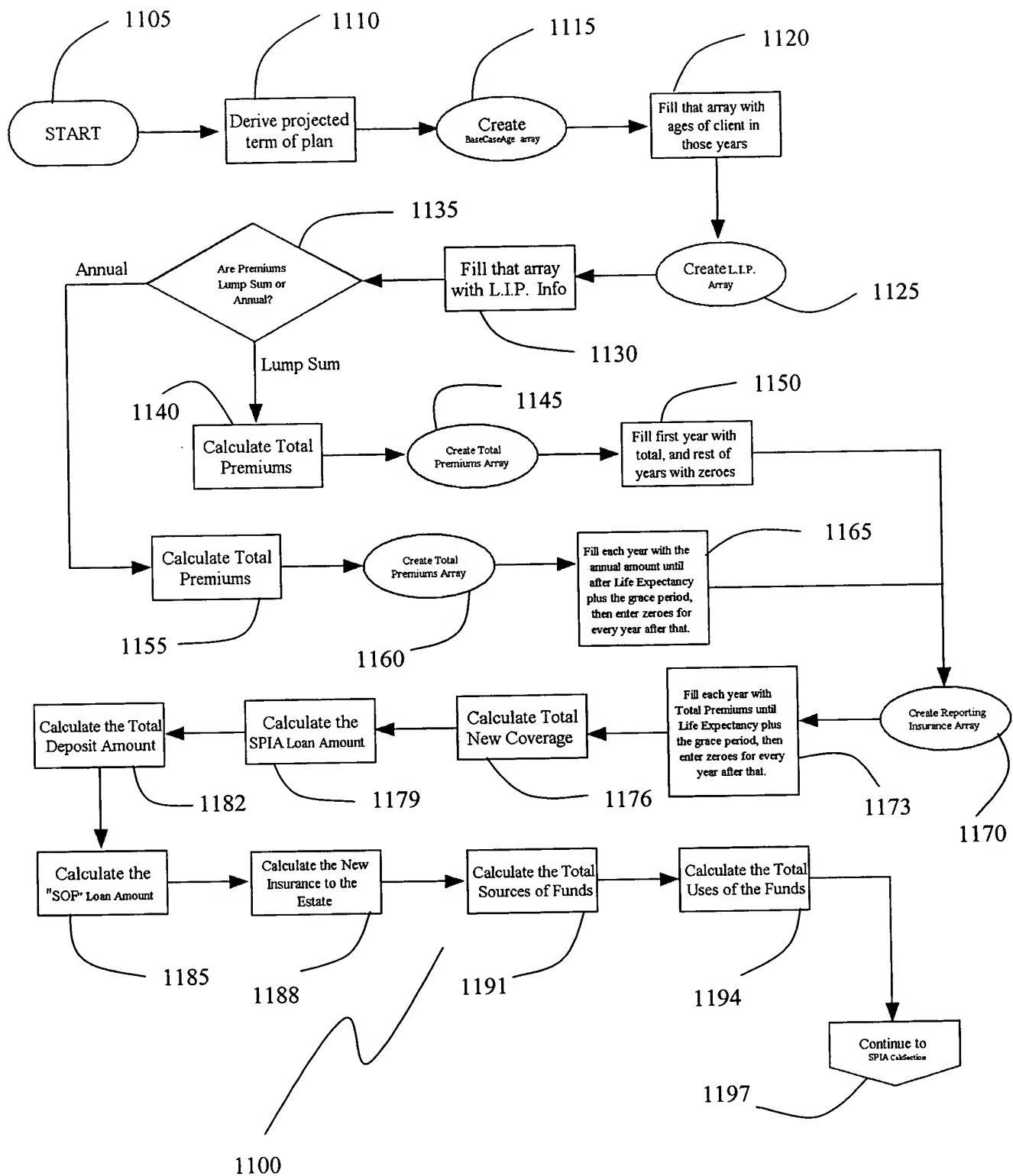


Fig. 11

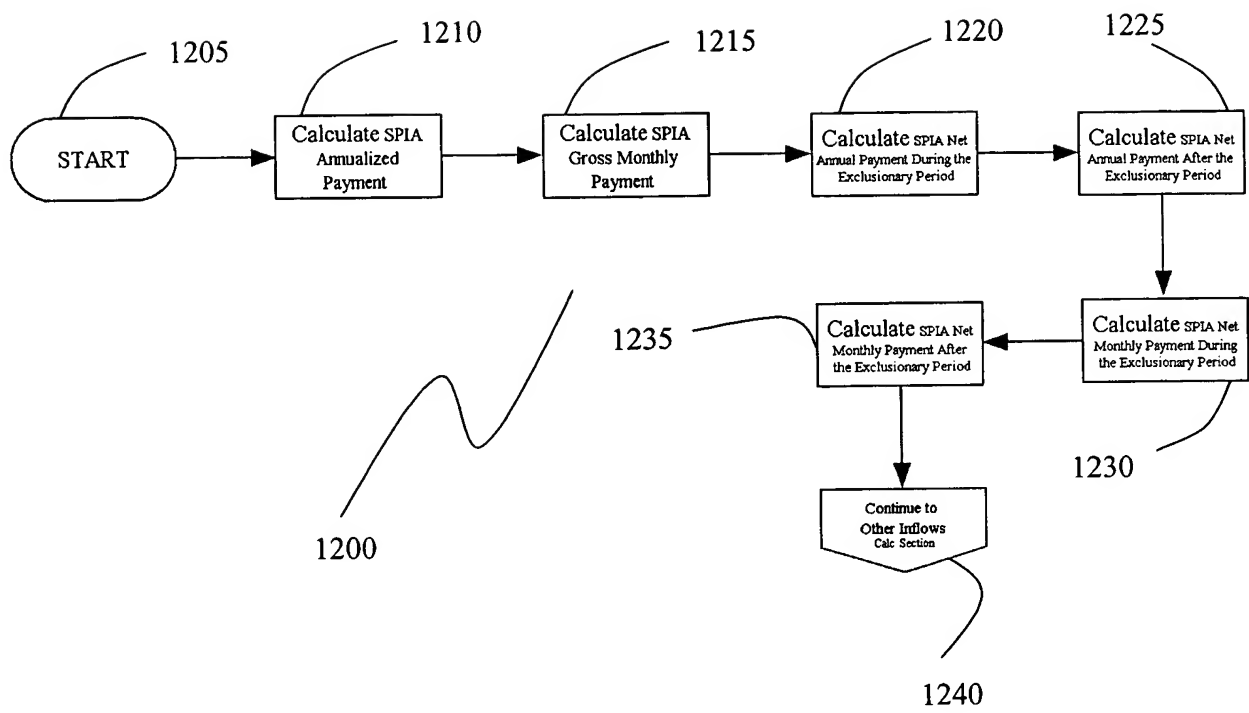


Fig. 12

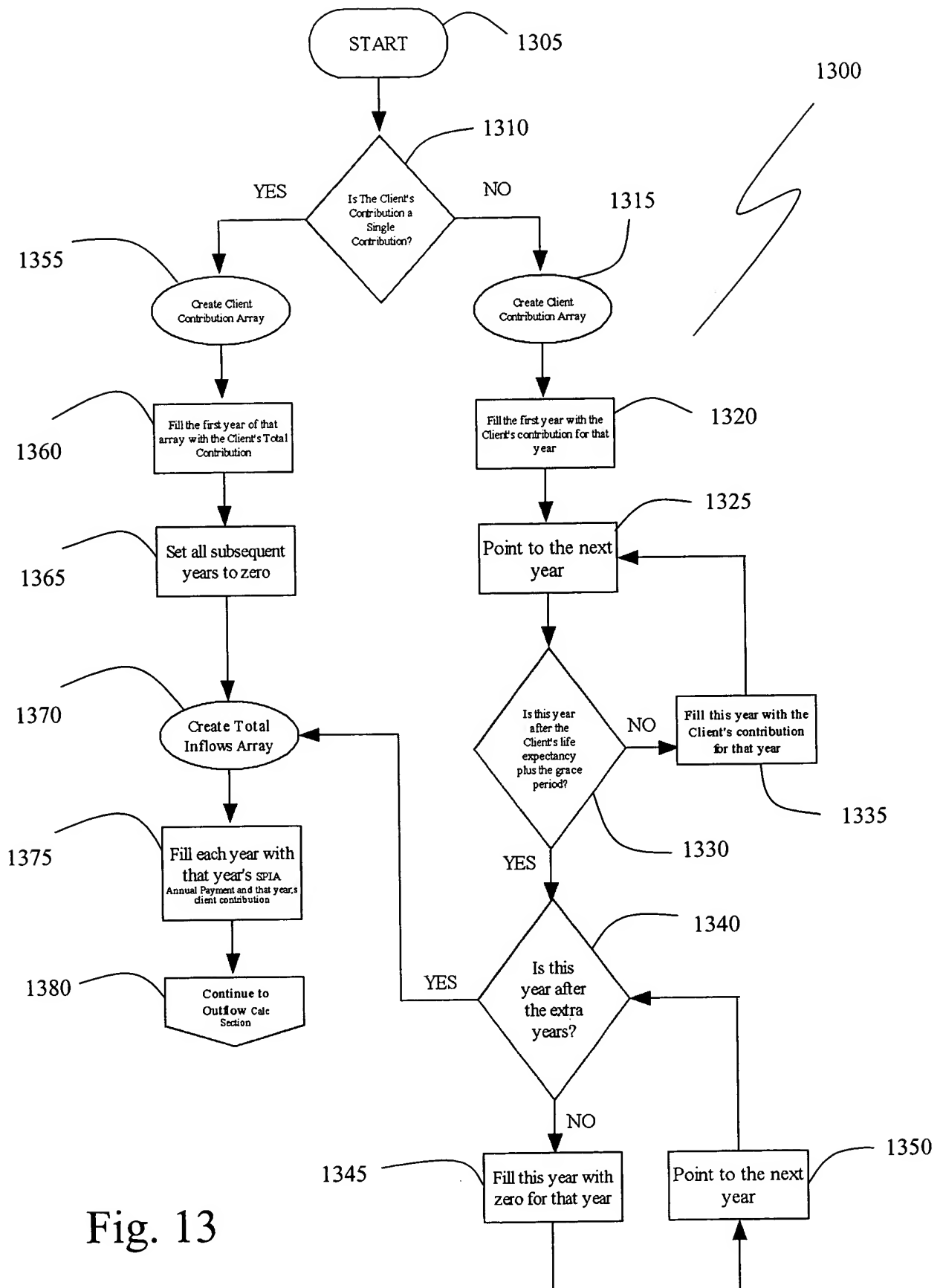


Fig. 13

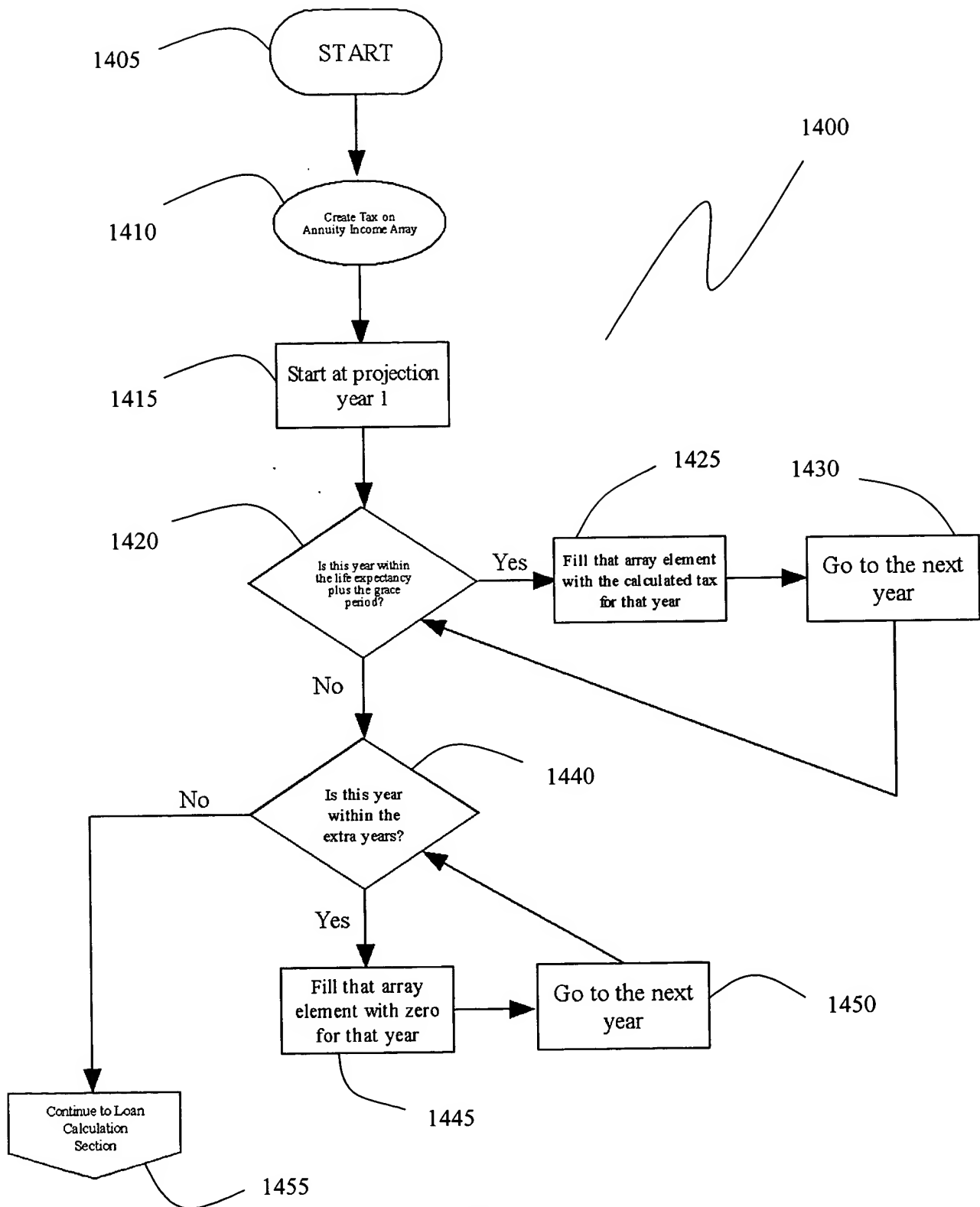


Fig. 14

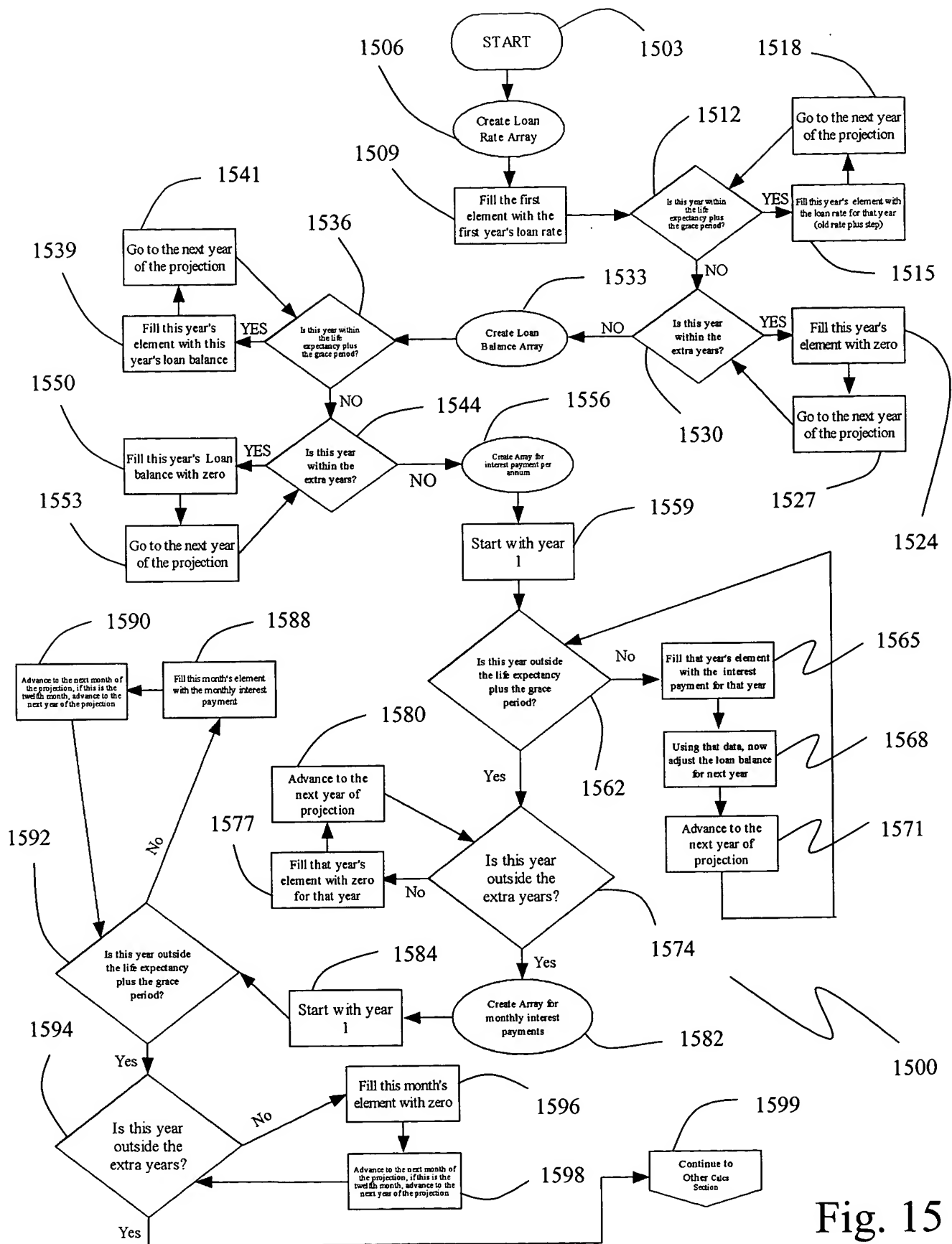
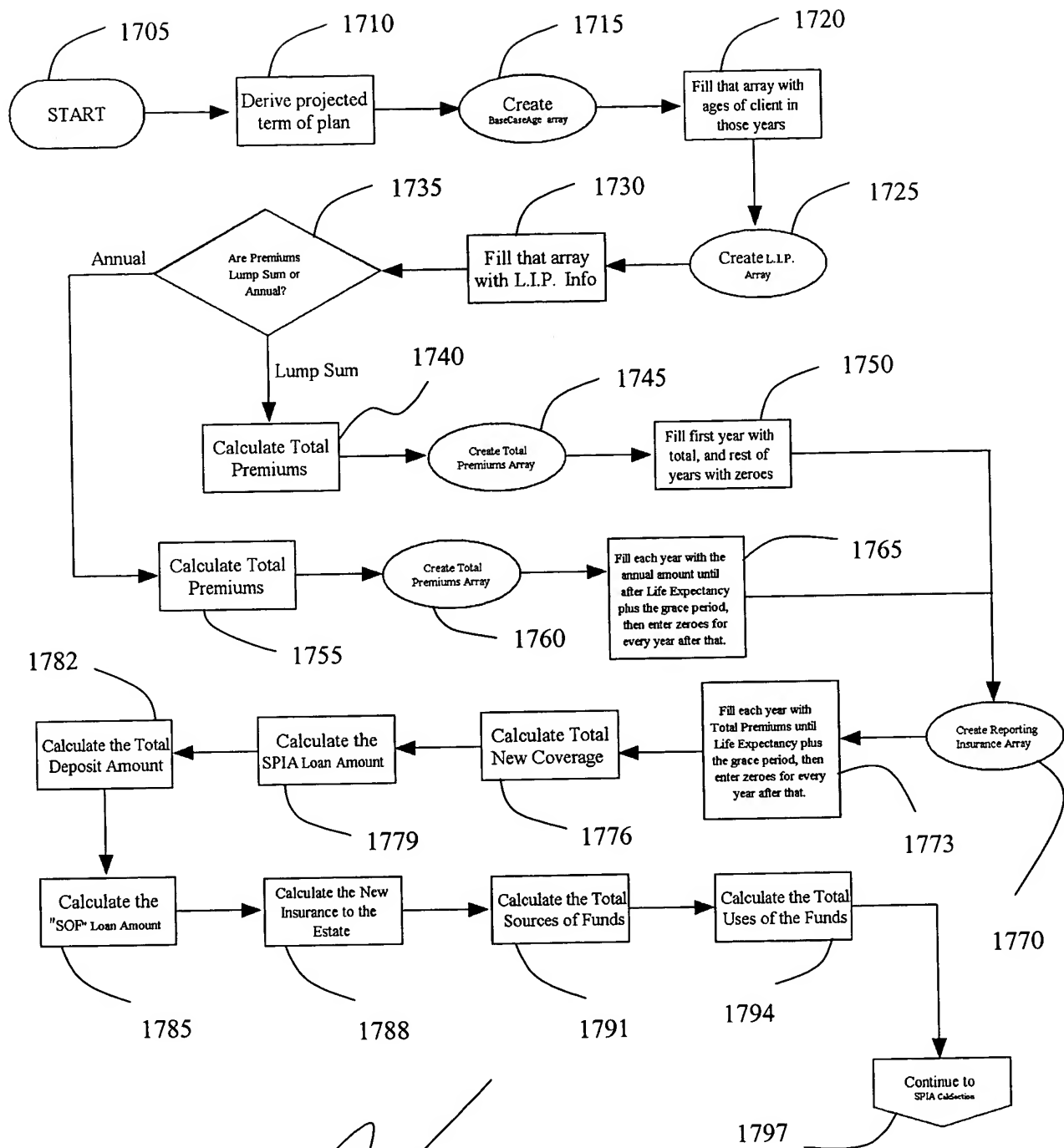


Fig. 15



1700

Fig. 17

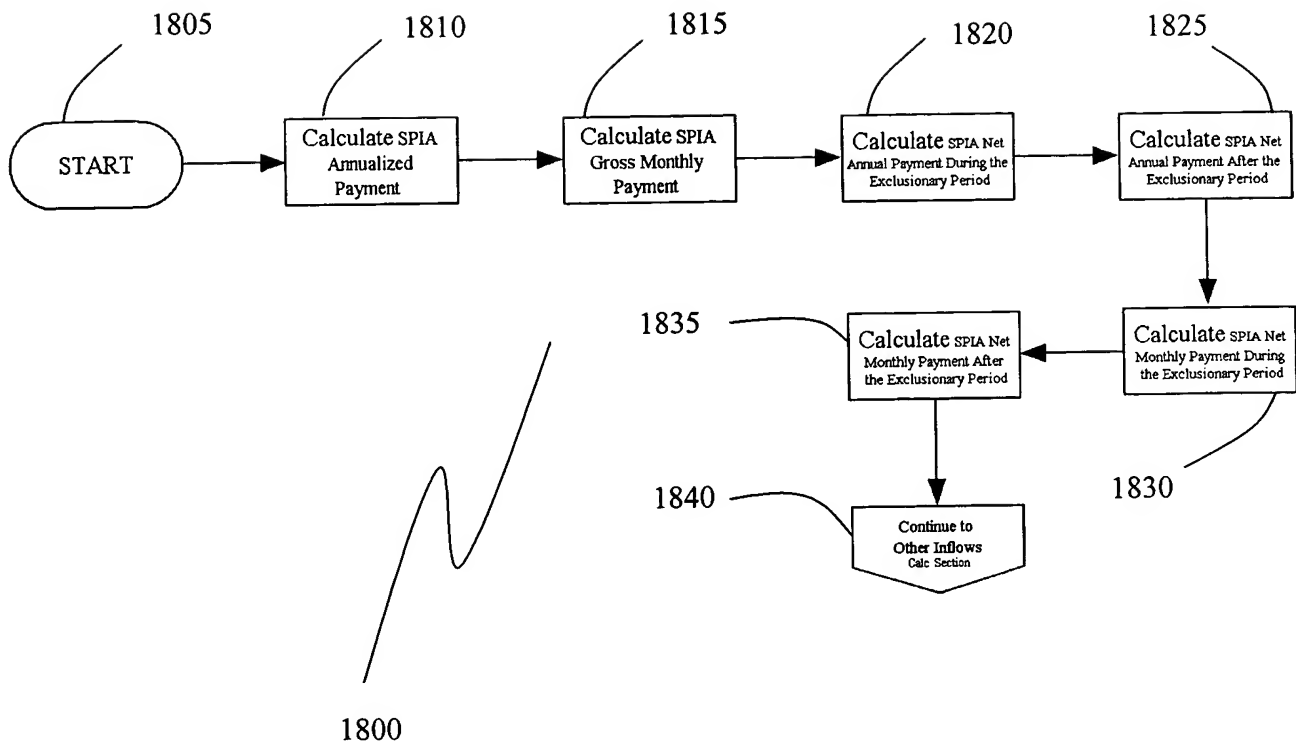


Fig. 18

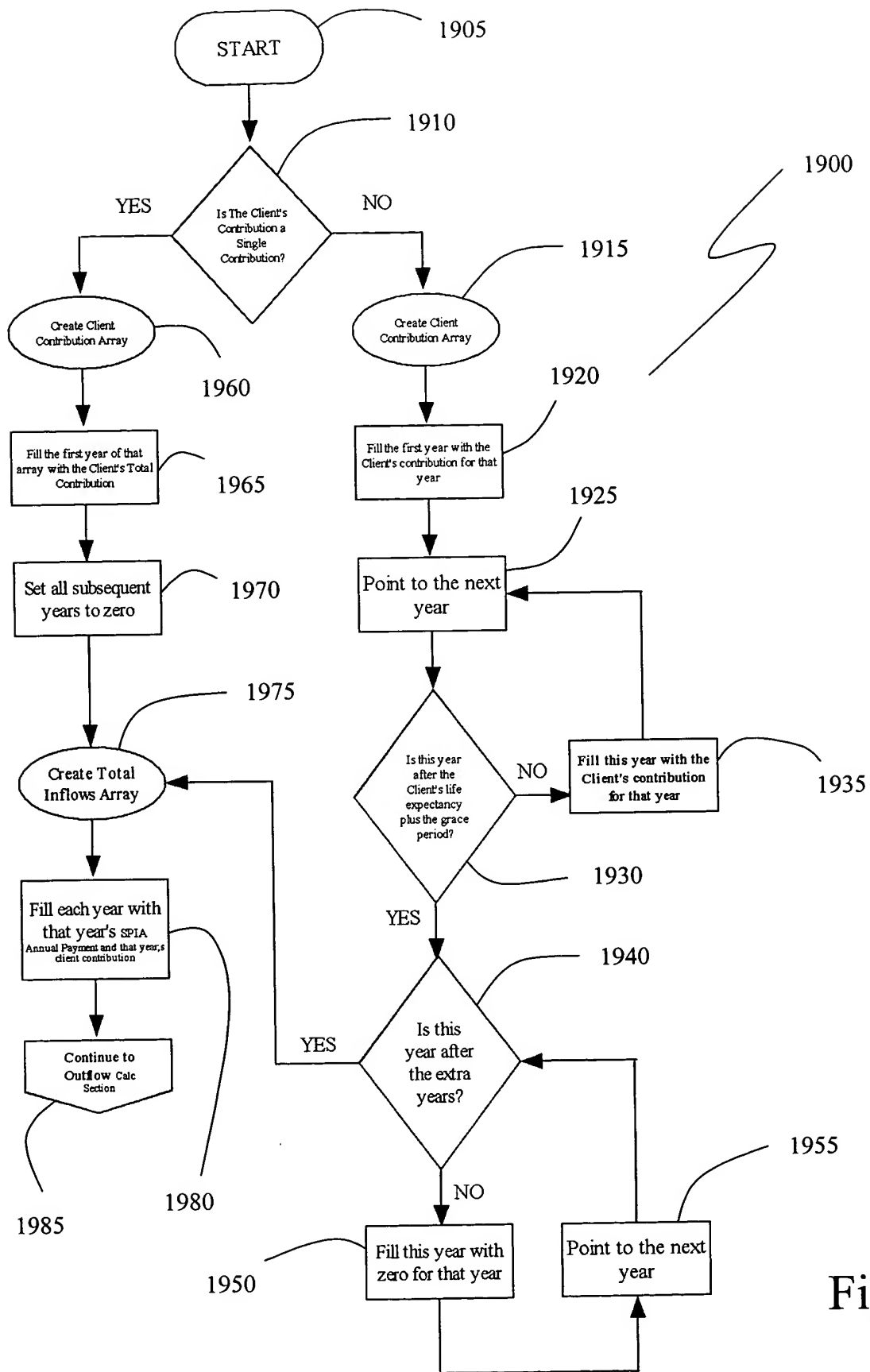


Fig. 19

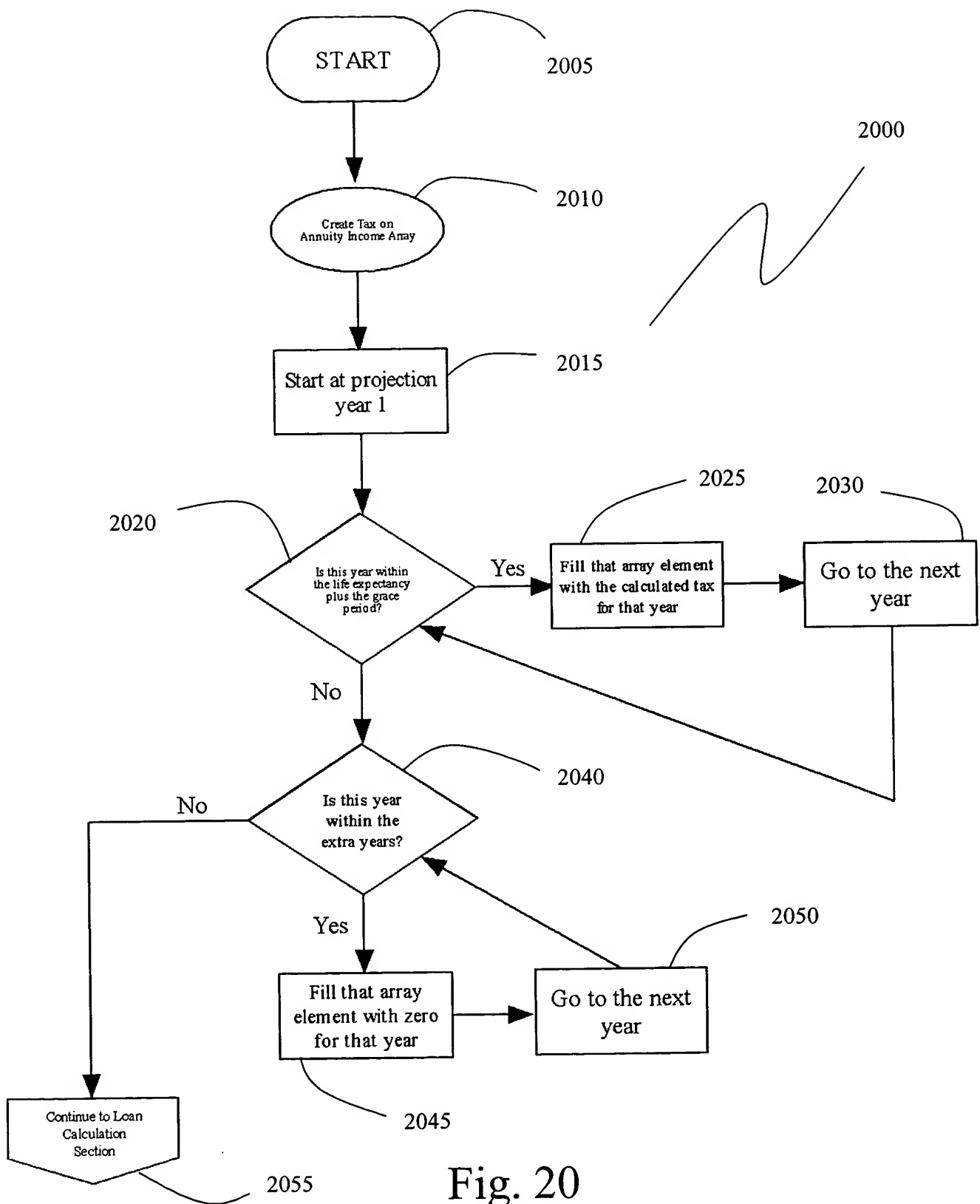


Fig. 20

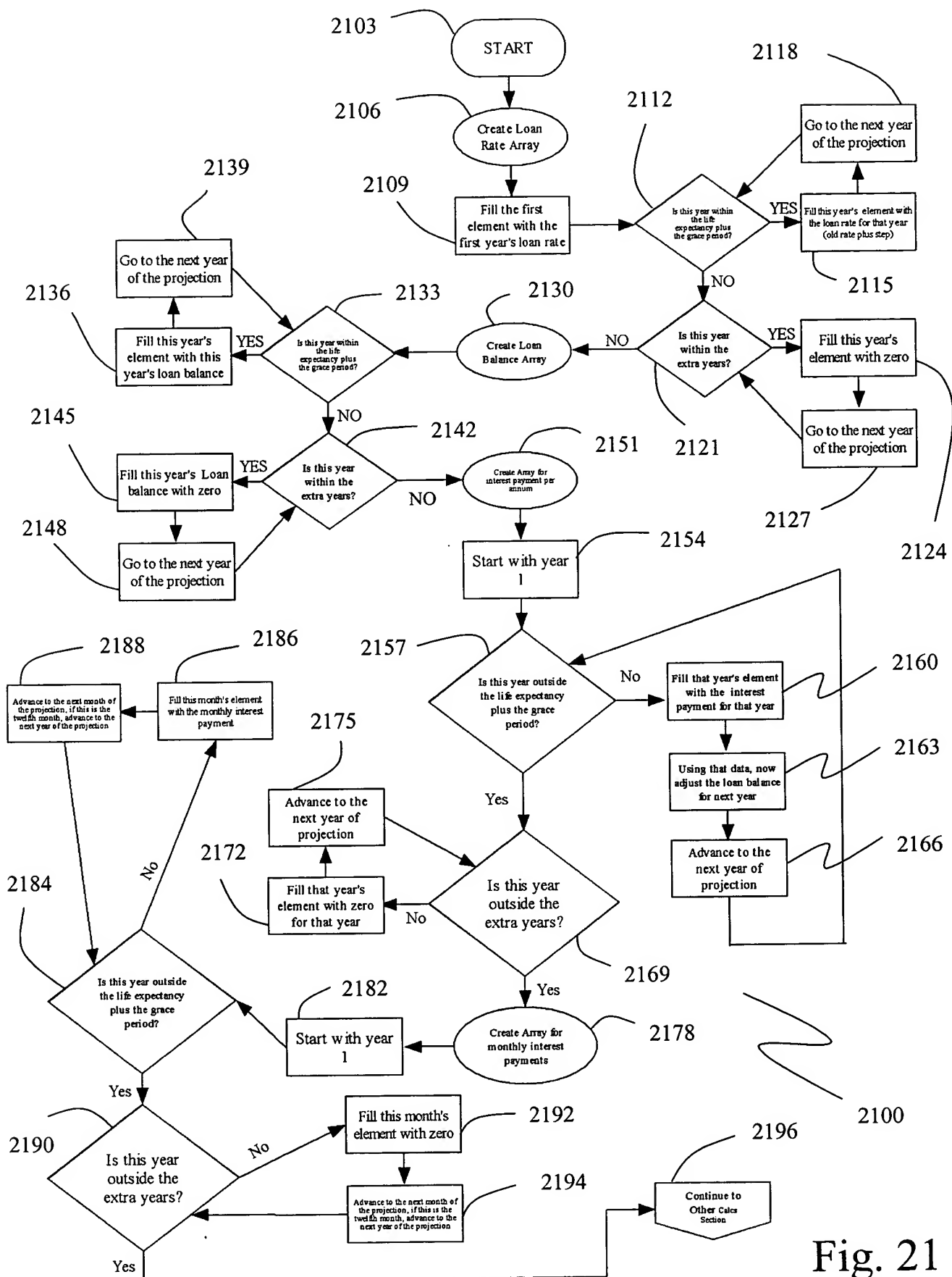


Fig. 21

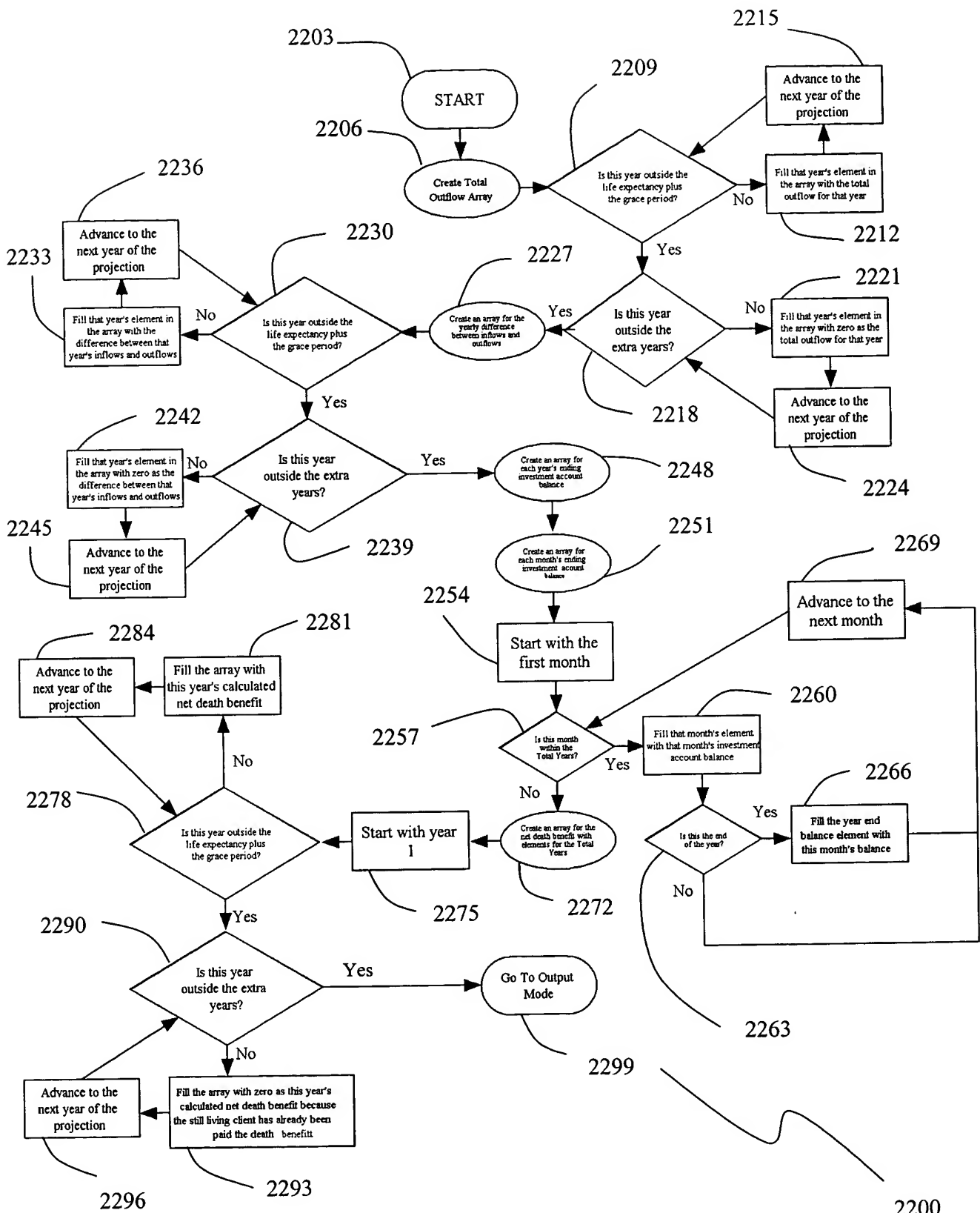


Fig. 22

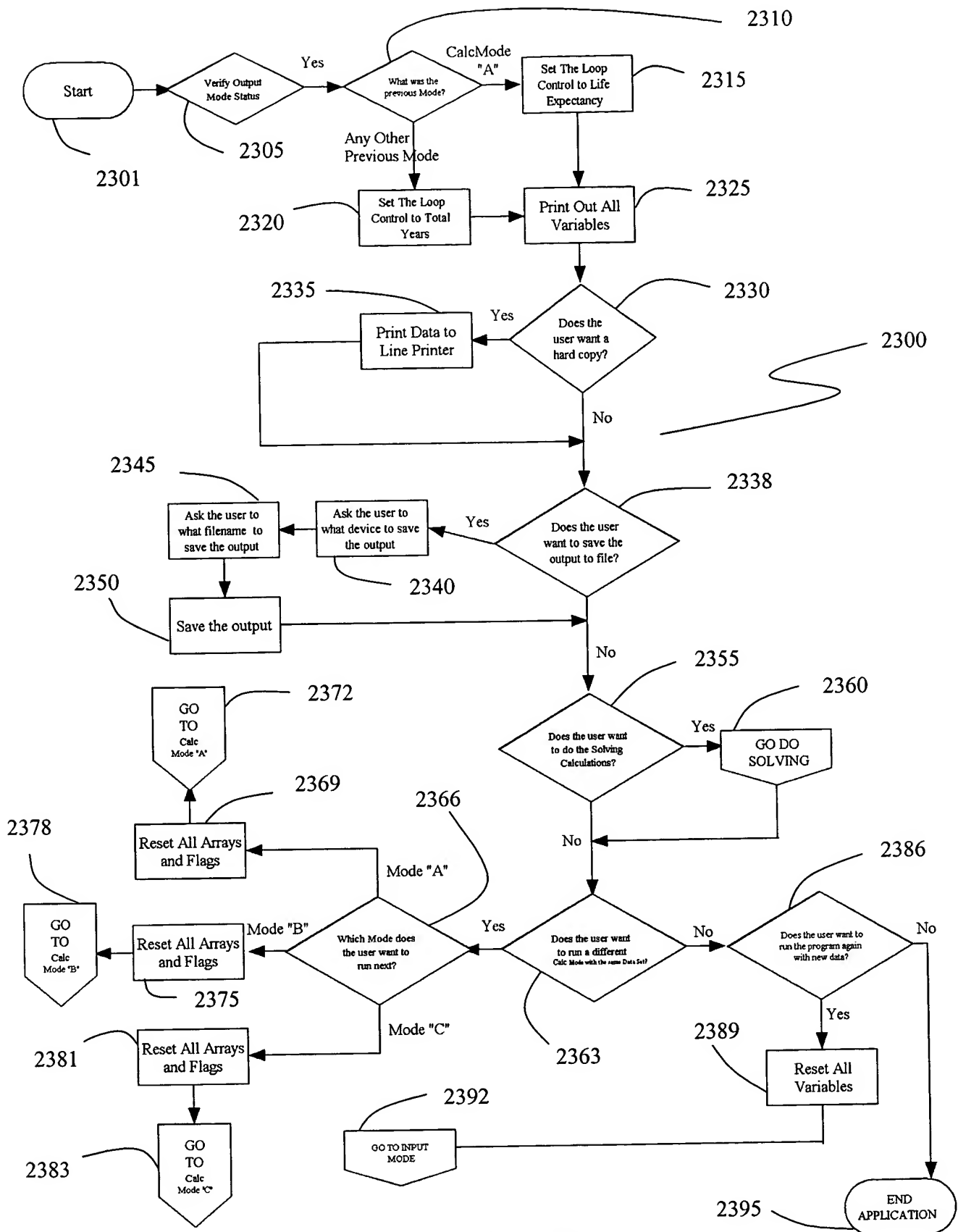


Fig. 23

ASSUMPTIONS

Input Cells = Blue

Links/Calcs = Black

Client Information	
Name	Confidential Female
Age	79
Sex	Female
Agent	Agent
Tax rate	0.0%
Underwriting Class	Special Risk
Net Worth	\$0
Liquidity	\$0
Annual Income	\$0
Model Term	20
S.P.I.A.	
Carrier (s)	Pooled
Deposits(s)	
Loan	\$6,000,000
Life Settlement	\$0
S.P.I.A. Dump In:	\$0
Other Sources:	\$0
Total Deposit	\$6,000,000
Offer rate	17.00%
Exclusion ratio	100.00%
Annualized Payment:	\$1,020,000
Life Premiums	
Type of Premiums	Single
ING	\$439,512
AG	\$0
Manu	\$0
Pac	\$0
NY	\$0
Number of Millions	18
Total Premiums	\$7,911,216
Investment Account	
Investment amount	\$941,141
Assumed Yield	4.00%

Sources of Funds:	
Lender:	ING
Loan Amount	\$14,852,357
Assumed rate	6.00%
Step (if adjustable rate)	0.25%
Max Rate	7.25%
Loan Terms	Interest Only for Life
Client Contribution:	\$0
Life Settlement:	\$0
S.P.I.A. Dump In:	\$0
Other Sources:	\$0
Total Sources:	\$14,852,357
Uses of Funds:	
New Life Insurance	\$7,911,216
S.P.I.A.	\$6,000,000
Investment Account	\$941,141
Total Uses of Funds:	\$14,852,357
Check	OK
Life Insurance	
Policy Owner(s)	Special Trust
Name	Amount
Current rate	6.00%
Assumed rate	6.00%
Guaranteed rate	6.00%
Total New Coverage:	\$18,000,000
Total Loan	\$14,852,357
New Insurance to Estate	\$3,147,643

Fig. 24

Ultimate Arbitrage - Transaction overview for Confidential Female									
Client Information			Uses of Funds						
Name:	Confidential Female		Single Premium:	\$7,911,216					
Age:	79		New insurance coverage	18,000,000					
Agent	Agent		S.P.I.A.:	6,000,000					
			Offer rate:	17.00%					
Sources of Funds			Side Account:	941,141					
Loan (1):	\$14,852,357		Assumed rate:	4.00%					
Rate:	6.00%								
Rate Increase:	7.25%								
Terms:	Interest Only for Life								
Total Sources:	\$14,852,357		Total Uses:	\$14,852,357					
Base Case Scenario									
Client Age	Annul. Annuity Payment	Client Cash Outlay	Insurance Premium	Interest Payment	Net Cash Flow	Year-End Value Invest. Account	Net Death Benefit		
79	\$1,020,000	\$0	\$7,911,216	\$891,141	\$0	\$68,569	\$3,216,212		
80	1,020,000	0	0	891,141	128,859	202,610	3,350,253		
81	1,020,000	0	0	891,141	128,859	342,112	3,489,755		
82	1,020,000	0	0	891,141	128,859	487,298	3,634,940		
83	1,020,000	0	0	891,141	128,859	638,398	3,786,041		
84	1,020,000	0	0	928,272	91,728	761,045	3,908,688		
85	1,020,000	0	0	965,403	54,597	854,080	4,001,722		
86	1,020,000	0	0	1,002,534	17,466	916,295	4,063,937		
87	1,020,000	0	0	1,039,665	-19,665	946,435	4,094,077		
88	1,020,000	0	0	1,076,796	-56,796	943,193	4,090,836		
89	1,020,000	0	0	1,076,796	-56,796	923,771	4,071,414		
90	1,020,000	0	0	1,076,796	-56,796	903,382	4,051,025		
91	1,020,000	0	0	1,076,796	-56,796	882,162	4,029,805		
92	1,020,000	0	0	1,076,796	-56,796	860,077	4,007,720		
93	1,020,000	0	0	1,076,796	-56,796	837,093	3,984,735		
94	1,020,000	0	0	1,076,796	-56,796	813,172	3,960,815		
95	1,020,000	0	0	1,076,796	-56,796	788,277	3,935,919		
96	1,020,000	0	0	1,076,796	-56,796	762,367	3,910,009		
97	1,020,000	0	0	1,076,796	-56,796	735,402	3,883,044		
98	1,020,000	0	0	1,076,796	-56,796	707,338	3,854,980		

Fig. 25

Insurance & Annuity Cash Flow Analysis Model for Confidential Female									
Cash Flow Analysis									
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
AGE	Annualized Annuity Payment ⁽¹⁾	Clients Cash Outlay	Total In-Flow (2)+(3)	Insurance Premium ⁽²⁾	Annualized Monthly Interest ⁽³⁾	Total Out-Flow (5)+(6)	In-Flow Out-Difference ⁽⁴⁾ (4)-(7)	Value in Side Investment Account ⁽⁵⁾	Net Death Benefit plus Side Account Less Loan
79	\$1,020,000	\$0	\$1,020,000	\$7,911,216	\$891,141	\$8,802,357	\$0	\$68,569	\$3,216,212
80	\$1,020,000	\$0	\$1,020,000	\$0	\$891,141	\$891,141	\$128,859	\$202,610	\$3,350,253
81	\$1,020,000	\$0	\$1,020,000	\$0	\$891,141	\$891,141	\$128,859	\$342,112	\$3,489,755
82	\$1,020,000	\$0	\$1,020,000	\$0	\$891,141	\$891,141	\$128,859	\$487,298	\$3,634,940
83	\$1,020,000	\$0	\$1,020,000	\$0	\$891,141	\$891,141	\$128,859	\$638,598	\$3,786,041
84	\$1,020,000	\$0	\$1,020,000	\$0	\$928,272	\$928,272	\$91,728	\$761,045	\$3,908,688
85	\$1,020,000	\$0	\$1,020,000	\$0	\$965,403	\$965,403	\$54,597	\$854,080	\$4,001,722
86	\$1,020,000	\$0	\$1,020,000	\$0	\$1,002,534	\$1,002,534	\$17,466	\$916,295	\$4,063,937
87	\$1,020,000	\$0	\$1,020,000	\$0	\$1,039,665	\$1,039,665	-\$19,665	\$946,435	\$4,094,077
88	\$1,020,000	\$0	\$1,020,000	\$0	\$1,076,796	\$1,076,796	-\$56,796	\$943,193	\$4,090,836
89	\$1,020,000	\$0	\$1,020,000	\$0	\$1,076,796	\$1,076,796	-\$56,796	\$923,771	\$4,071,414
90	\$1,020,000	\$0	\$1,020,000	\$0	\$1,076,796	\$1,076,796	-\$56,796	\$903,382	\$4,051,025
91	\$1,020,000	\$0	\$1,020,000	\$0	\$1,076,796	\$1,076,796	-\$56,796	\$882,162	\$4,029,805
92	\$1,020,000	\$0	\$1,020,000	\$0	\$1,076,796	\$1,076,796	-\$56,796	\$860,077	\$4,007,720
93	\$1,020,000	\$0	\$1,020,000	\$0	\$1,076,796	\$1,076,796	-\$56,796	\$837,093	\$3,984,735
94	\$1,020,000	\$0	\$1,020,000	\$0	\$1,076,796	\$1,076,796	-\$56,796	\$813,172	\$3,960,815
95	\$1,020,000	\$0	\$1,020,000	\$0	\$1,076,796	\$1,076,796	-\$56,796	\$788,277	\$3,935,919
96	\$1,020,000	\$0	\$1,020,000	\$0	\$1,076,796	\$1,076,796	-\$56,796	\$762,367	\$3,910,009
97	\$1,020,000	\$0	\$1,020,000	\$0	\$1,076,796	\$1,076,796	-\$56,796	\$735,402	\$3,883,044
98	\$1,020,000	\$0	\$1,020,000	\$0	\$1,076,796	\$1,076,796	-\$56,796	\$707,338	\$3,854,980
Footnotes:									
(1) Single Premium Immediate Annuity ("SPIA") deposit is funded with borrowed monies in year one. SPIA is designed to provide a monthly benefit beginning in the 1st month. This benefit is guaranteed payable for life.									
(2) Life Insurance policy is purchased and funded in year one with borrowed funds.									
(3) Monthly loan interest is paid from the investment account.									
(4) Net cash in- and out-flows are serviced by investment account.									
(5) An interest bearing investment account is funded in the first month with borrowed monies. Monthly SPIA payments are deposited into this account. This ledger assumes an after-tax return of 4% in the account.									

Fig. 26A

[illegible]

Fig. 26B

Interest Payments Analysis											
Interest Payments at Age											
79	80	81	82	83	84	85	86	87			
Month 1	\$74,262	\$74,262	\$74,262	\$74,262	\$77,356	\$80,450	\$83,545	\$86,639			
Month 2	\$74,262	\$74,262	\$74,262	\$74,262	\$77,356	\$80,450	\$83,545	\$86,639			
Month 3	\$74,262	\$74,262	\$74,262	\$74,262	\$77,356	\$80,450	\$83,545	\$86,639			
Month 4	\$74,262	\$74,262	\$74,262	\$74,262	\$77,356	\$80,450	\$83,545	\$86,639			
Month 5	\$74,262	\$74,262	\$74,262	\$74,262	\$77,356	\$80,450	\$83,545	\$86,639			
Month 6	\$74,262	\$74,262	\$74,262	\$74,262	\$77,356	\$80,450	\$83,545	\$86,639			
Month 7	\$74,262	\$74,262	\$74,262	\$74,262	\$77,356	\$80,450	\$83,545	\$86,639			
Month 8	\$74,262	\$74,262	\$74,262	\$74,262	\$77,356	\$80,450	\$83,545	\$86,639			
Month 10	\$74,262	\$74,262	\$74,262	\$74,262	\$77,356	\$80,450	\$83,545	\$86,639			
Month 11	\$74,262	\$74,262	\$74,262	\$74,262	\$77,356	\$80,450	\$83,545	\$86,639			
Month 12	\$74,262	\$74,262	\$74,262	\$74,262	\$77,356	\$80,450	\$83,545	\$86,639			
Total Payments	\$891,141	\$891,141	\$891,141	\$891,141	\$928,272	\$965,403	\$1,002,534	\$1,039,665			
Loan Balance	\$14,852,357	\$14,852,357	\$14,852,357	\$14,852,357	\$14,852,357	\$14,852,357	\$14,852,357	\$14,852,357			
Additions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Pre-Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Rate	6.00%	6.00%	6.00%	6.00%	6.25%	6.50%	6.75%	7.00%			

Interest Payments at Age											
89	90	91	92	93	94	95	96	97			
Month 1	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733			
Month 2	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733			
Month 3	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733			
Month 4	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733			
Month 5	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733			
Month 6	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733			
Month 7	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733			
Month 8	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733			
Month 10	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733			
Month 11	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733			
Month 12	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733	\$89,733			
Annual Payment	\$1,076,796	\$1,076,796	\$1,076,796	\$1,076,796	\$1,076,796	\$1,076,796	\$1,076,796	\$1,076,796			
Loan Balance	\$14,852,357	\$14,852,357	\$14,852,357	\$14,852,357	\$14,852,357	\$14,852,357	\$14,852,357	\$14,852,357			
Additions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Pre-Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Rate	7.50%	7.25%	7.00%	6.75%	6.50%	6.25%	6.00%	5.75%			

Fig. 26C

<i>Net Death Benefit</i>					
Client Age	Net Death Benefit	Client Age	Net Death Benefit	Client Age	Net Death Benefit
79	\$3,216,212	84	\$3,908,688	89	\$4,071,414
81	\$3,350,253	85	\$4,001,722	90	\$4,051,025
82	\$3,489,755	86	\$4,063,937	91	\$4,029,805
83	\$3,634,940	87	\$4,094,077	92	\$4,007,720
84	\$3,786,041	88	\$4,090,836	93	\$3,984,735
<i>Pre-payment Penalty Analysis</i>					
Client Age	Pre-Pay Penalty	Client Age	Pre-Pay Penalty	Client Age	Pre-Pay Penalty
79	\$0	84	\$0	89	\$0
80	\$0	85	\$0	90	\$0
81	\$0	86	\$0	91	\$0
82	\$0	87	\$0	92	\$0
83	\$0	88	\$0	93	\$0

Fig. 26D

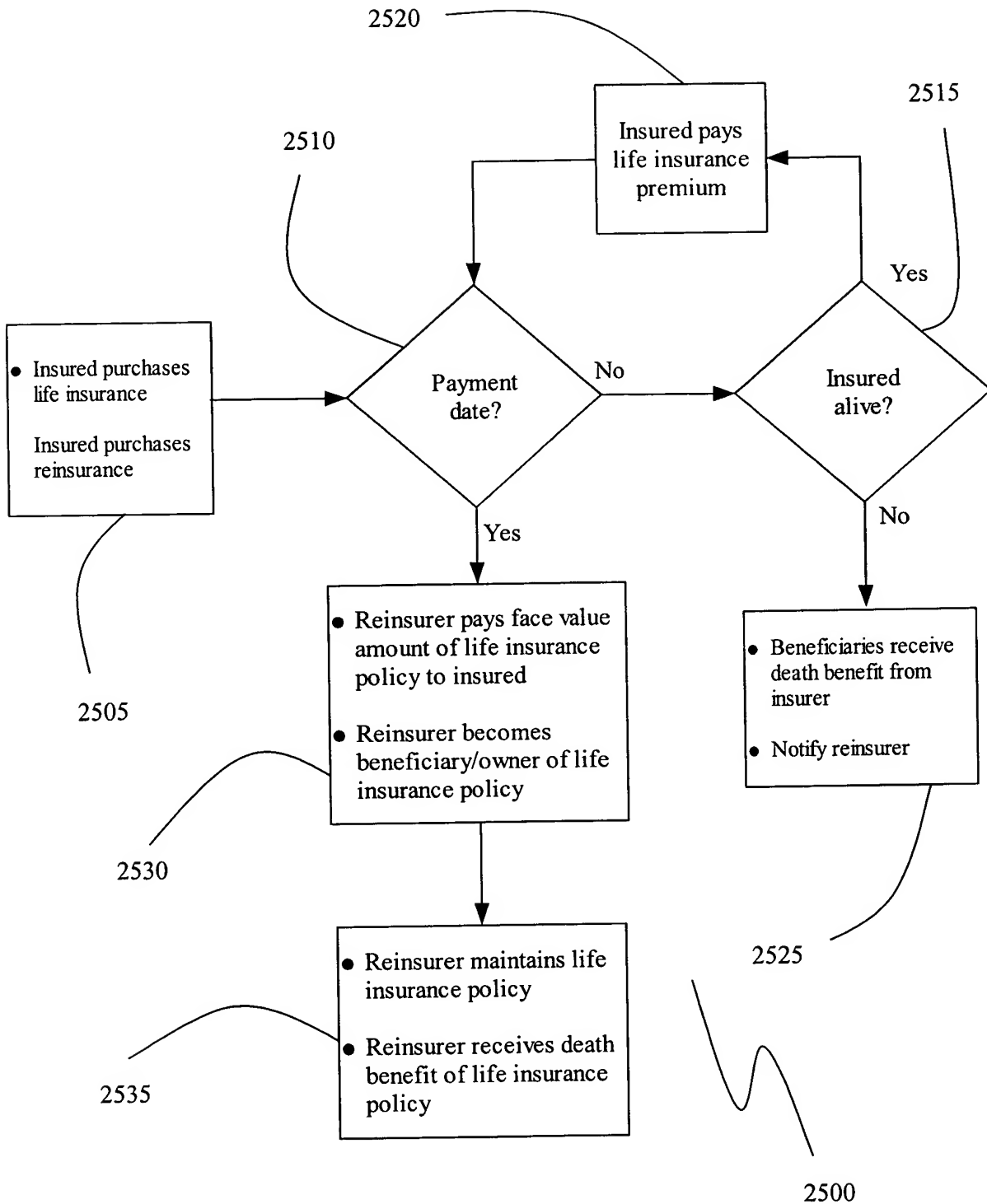


Fig. 27

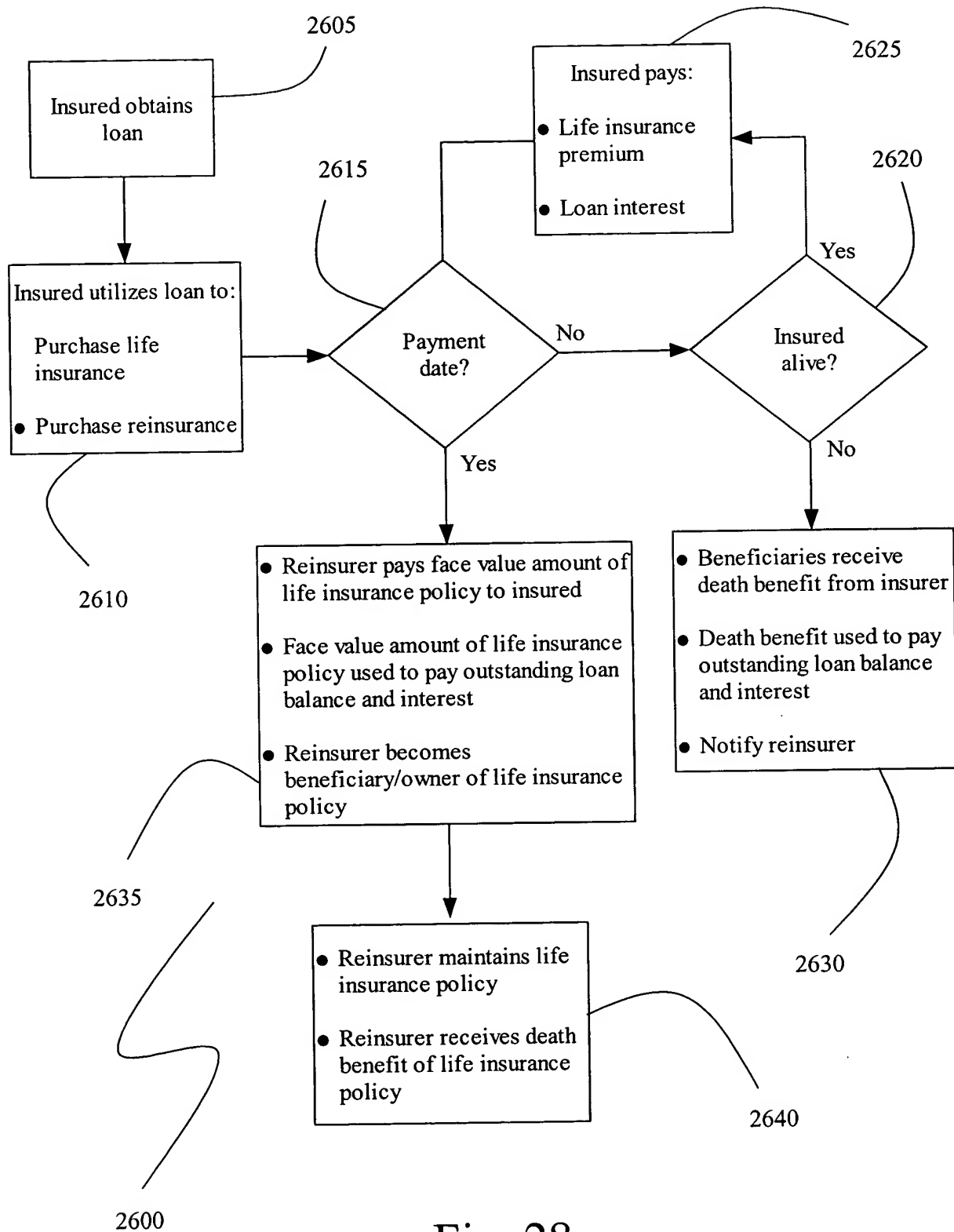


Fig. 28

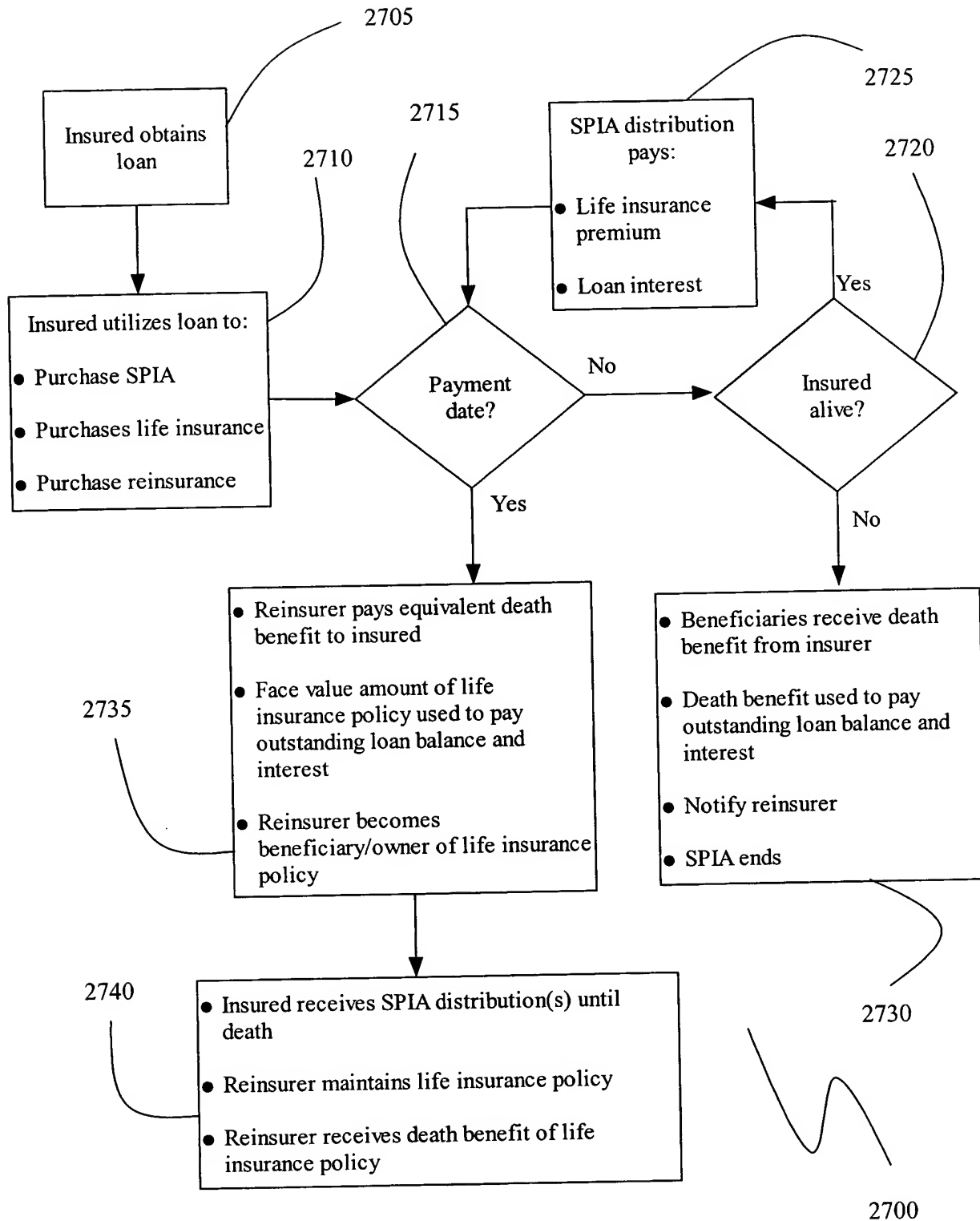


Fig. 29